



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
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Iowa Care Program - Overview

IowaCare was created in 2005 to replace lost federal revenue known as Intergovernmental Transfers (IGTs). 100% state and county funded programs for indigent health care were converted to a limited benefit Medicaid program.

IowaCare Program Details and Coverage Group:

- Created as an 1115 Medicaid Demonstration Waiver, which allows states to have program caps not available in "regular Medicaid".
- Allows the state to cover populations that cannot be covered under regular Medicaid (i.e. low income single adults and childless couples).
- Allows for spending caps, enrollment caps and limits on provider network and services.
- Limited benefit package which, includes inpatient/outpatient hospital, physician, limited dental and transportation.
- Limited provider network of Broadlawns (Polk County residents only) and the University of Iowa Hospitals and Clinics.
- Adults age 19-64, below 200% FPL.
 - 83% of members have income under 100% of the FPL.
- Very poor and medically needy population.
 - 88% of members are single adults with 2/3 having had no insurance the past 2 years.

IowaCare Program Successes:

- Expanding access - enrollment projection expected to be 14,000 maximum. Enrollment today is 30,000.
- Since 2005, the program has served over 67,000 Iowans, which represents necessary health care for 3.5% of Iowa's low-income adults.
- Broadlawns and the U of I expanded their capacity to serve this growing population.
- Played a key role in Iowa's coverage strategy.

1115 Demonstration Waiver Challenges:

- Requires renegotiation of the terms and budget neutrality every 5 years.
- Current waiver expires June 30, 2010. Existing contract requires Iowa must stop enrolling new individuals January 1, 2010.

- Oftentimes you are dealing with a different administration for every renewal. No guarantee Iowa will get the same deal on the 1115 budget from CMS.
- Continuing to demonstrate budget neutrality is difficult as Iowa is among the top five states for high quality and low cost.
- Iowa's DSH share is low compared to other states. Some states have given up DSH payment for Medicaid, not an advantage for Iowa because of the low DSH.
- A large share of Iowa's DSH payments is incorporated in the IowaCare 1115 Waiver program payments to Broadlawns Hospital.
- Managed care savings are not possible when discussing budget neutrality. Last HMO (Coventry) terminated at the end of January due to low reimbursement rates.
- Over \$110 million in health care services have been expended this past year on the waiver and any loss would be very difficult.
- 11% increase in expenditures per year – estimated \$113 million FY2010
- Enrollment continues to grow: increase of 2.5% per month

Next Steps (Priorities)

- Request from CMS a simple renewal of existing 1115 Waiver for another 3-5 years.
- Keep program whole for the 30,000 members currently being served.
- Seek maximum expenditure authority to continue to fully fund the growth.
- Amend to remove the limitation on new provider taxes, and transfer SED waiver to be a 1915 (c) HCBS waiver.
- Variable: Healthcare reform may address this non-categorical group without having to go through the 1115 demonstration and cost neutrality.